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SKBI Big 5 Survey 2019 August

Singapore Management University

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The Sim Kee Boon Institute for Financial Economics (SKBI) Big5 Survey

Background Information

The SKBI Big5 survey focuses on the multiyear outlook and assessment of the biggest five economies in the world (in PPP-terms), namely China, Euro Area, India, Japan and United States.

The Institute, via the Big5 survey and Post-Survey event, seeks to establish a recurrent platform in Singapore for a diverse group of participants to explore the relevant risks and opportunities surrounding the global economic landscape.

Should you have any inquiries, please contact Tom Lam (thomaslam@smu.edu.sg) or Dave Fernandez (dfernandez@smu.edu.sg).

List of Participants (August 2019 Survey):

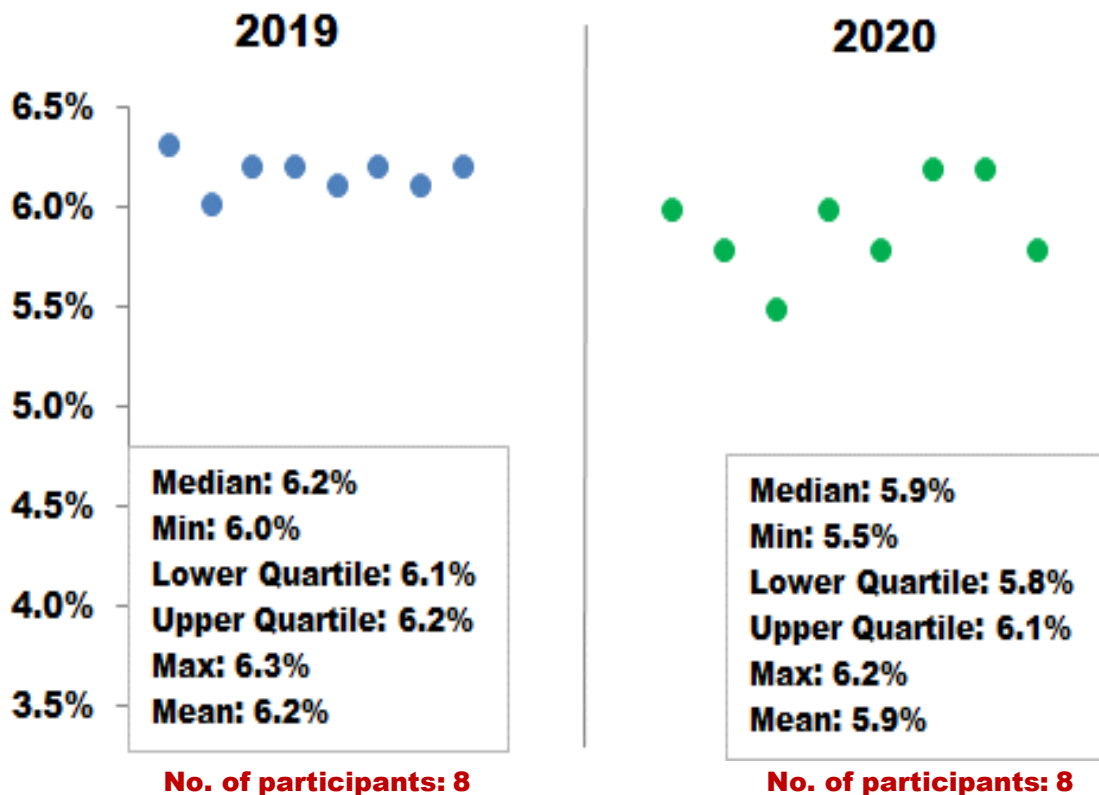
- 1) Bank of Singapore**
- 2) DBS Group**
- 3) GIC**
- 4) ING Bank NV**
- 5) Moody's Investors Service**
- 6) TD Securities**
- 7) UBS**
- 8) United Overseas Bank Group**

Takeaways (August 2019 Survey)

- ❖ On balance, our overall interpretation of the multiyear Big5 survey results implies the following economy-at-risk scale (least to most): India, China, US, Japan and Euro Area (i.e., India's economy appears to be the least at-risk, while the Euro Area might be the most at-risk).
- ❖ Broadly, survey participants expect the risks to GDP growth to be tilted to the downside in 2019 and 2020 followed by a more balanced growth environment in 2021. But participants seem to lean toward a more balanced risk assessment on headline inflation from 2019 through 2021, with the exception of the Euro Area, where a modest majority view greater disinflationary risks in 2019 and 2020.
- ❖ Perhaps in light of the growing concerns over policy leeway, participants anticipate policymakers in Japan to be generally more reluctant on pursuing additional policy stimulus (monetary and fiscal) at the outset. Although participants appear to view Euro Area policymakers to be less hesitant on fresh stimulus measures (monetary and fiscal), policy efficacy might be an increasingly crucial issue going forward.

GDP Growth

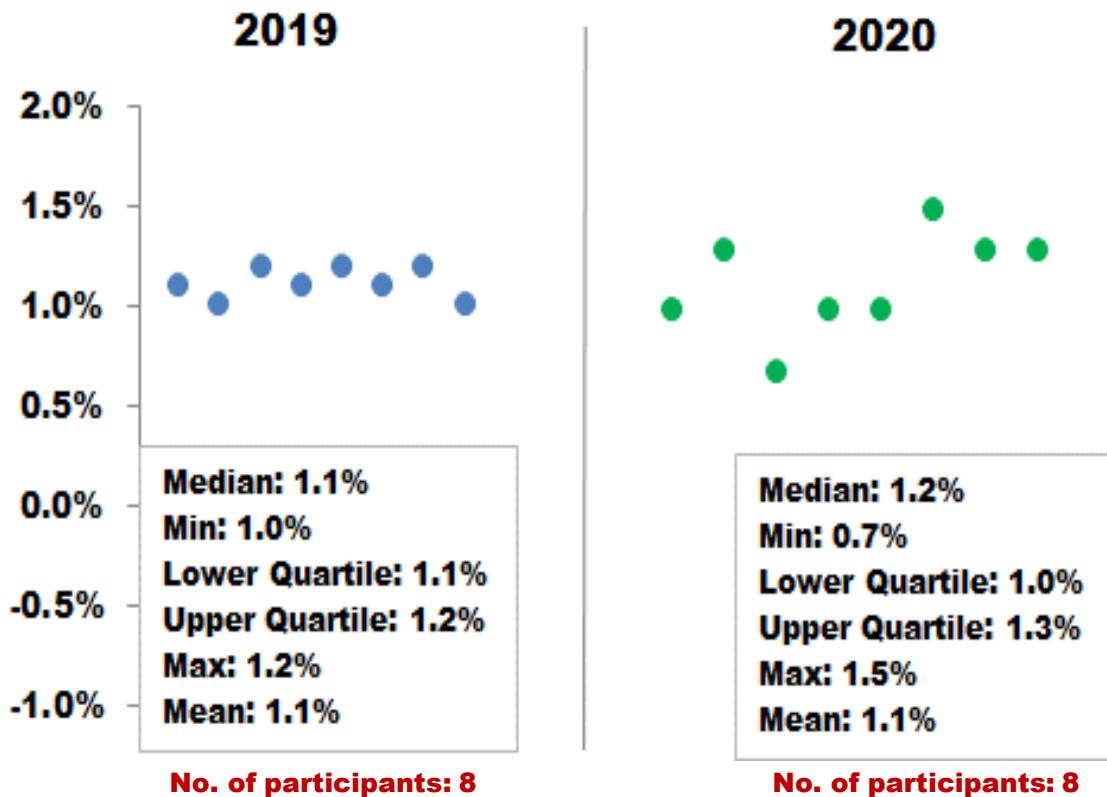
China-Real GDP Growth



Note: Each dot represents a random participant in the survey

Source: SKBI Big5 Survey (Aug 2019)

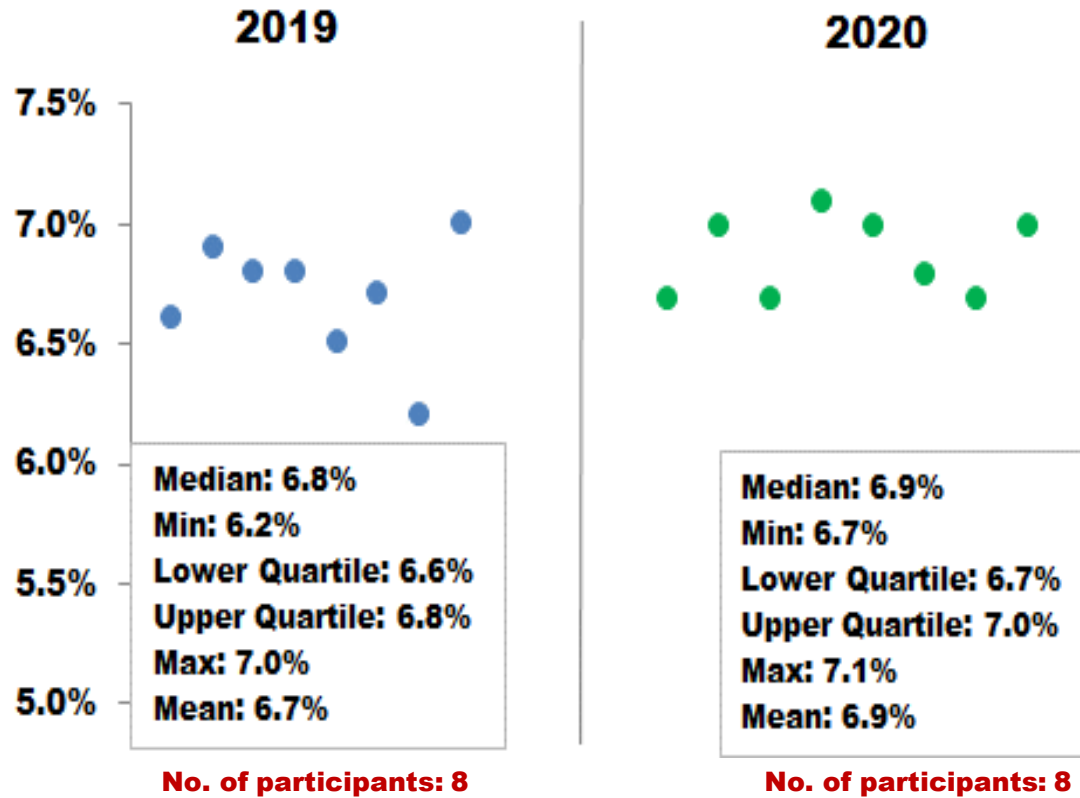
Euro Area-Real GDP Growth



Note: Each dot represents a random participant in the survey

Source: SKBI Big5 Survey (Aug 2019)

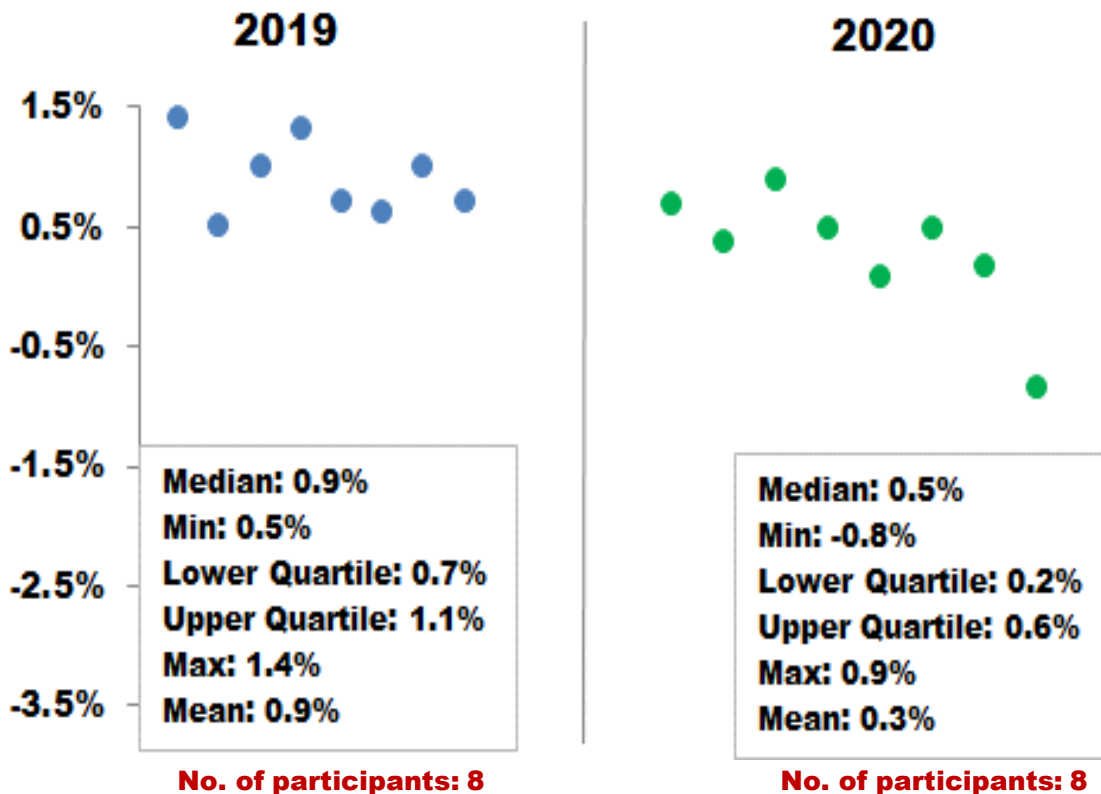
India-Real GDP Growth



Note: Each dot represents a random participant in the survey

Source: SKBI Big5 Survey (Aug 2019)

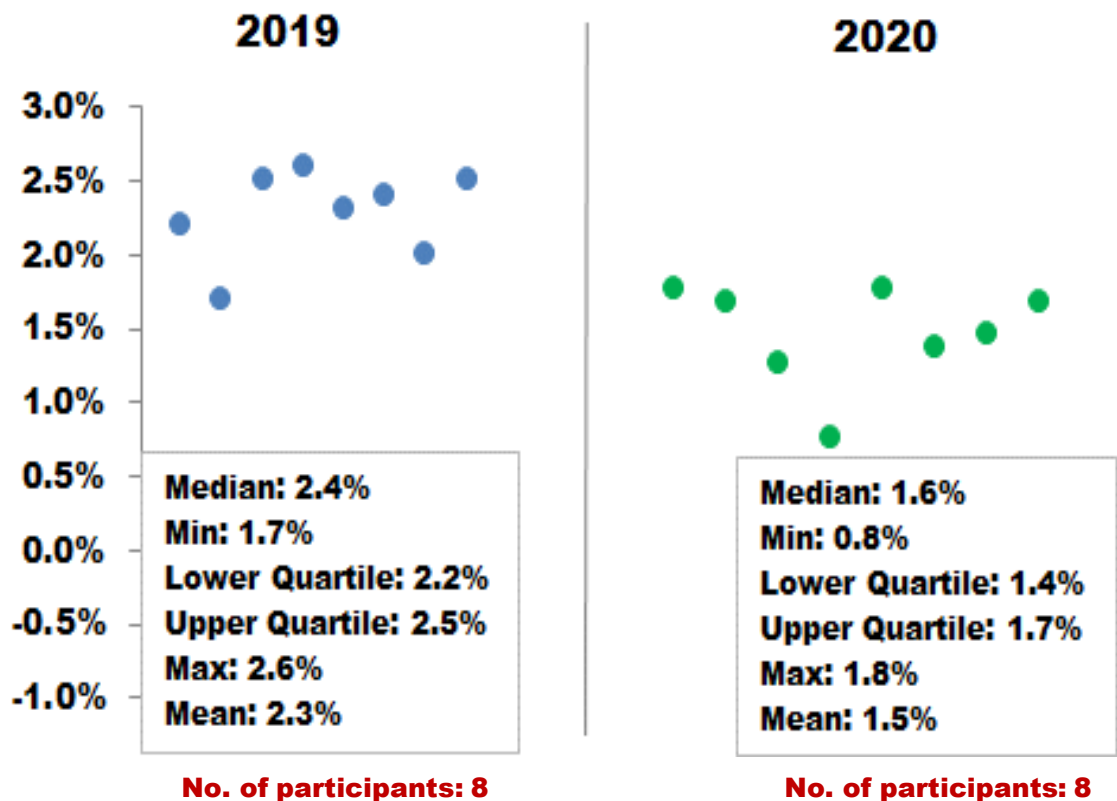
Japan-Real GDP Growth



Note: Each dot represents a random participant in the survey

Source: SKBI Big5 Survey (Aug 2019)

US-Real GDP Growth

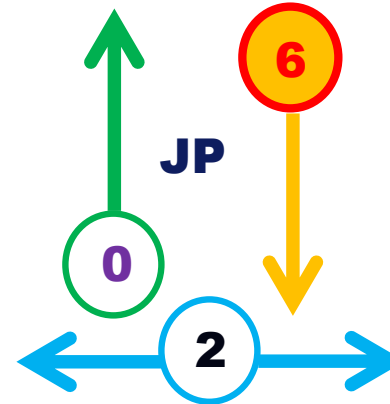
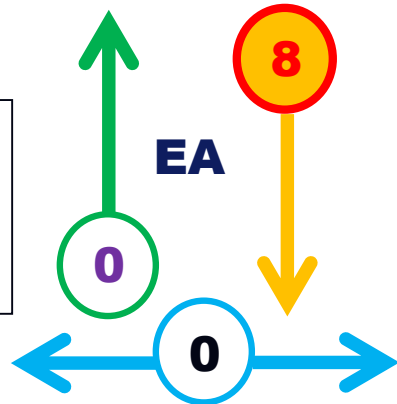
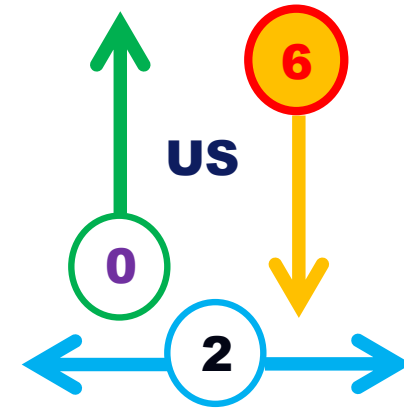
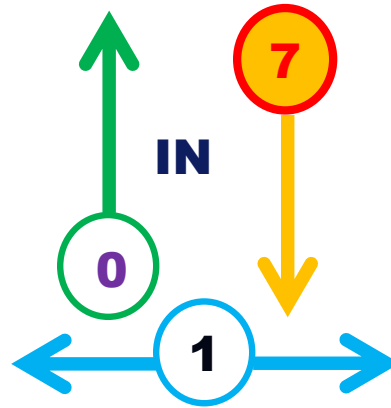
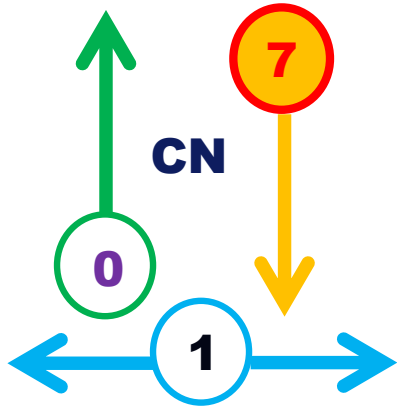


Note: Each dot represents a random participant in the survey

Source: SKBI Big5 Survey (Aug 2019)

GDP Growth Risk Assessment

Real GDP Growth Risks (2019)



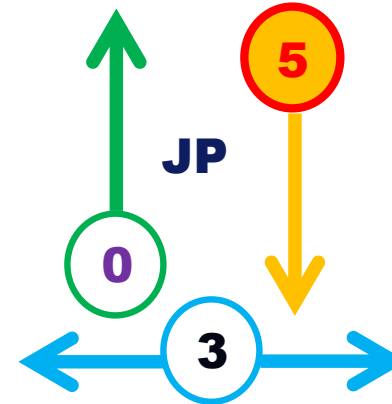
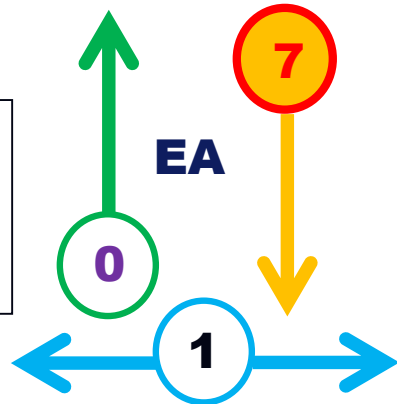
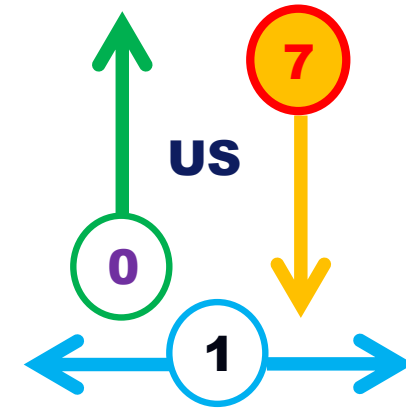
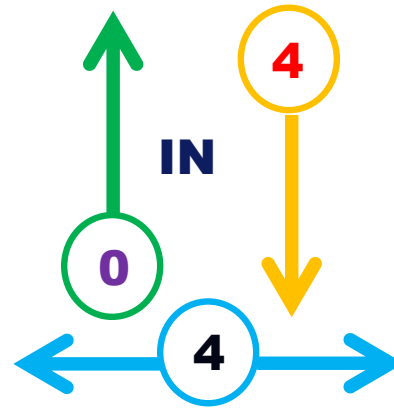
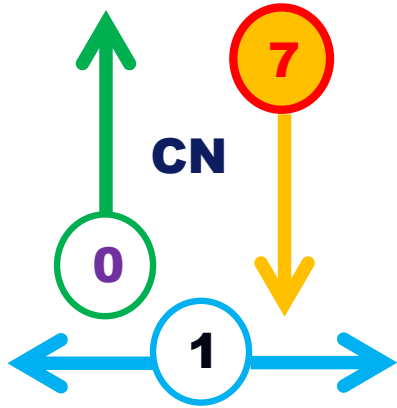
CN=China
EA=Euro Area
IN=India
JP=Japan
US=United States

Notes:

- 1) Each figure represents the number of participants.
- 2) The highlighted circle signifies a majority view.
- 3) The up, down and horizontal arrows denote upside, downside and balanced risks.

Source: SKBI Big5 Survey (Aug 2019)

Real GDP Growth Risks (2020)



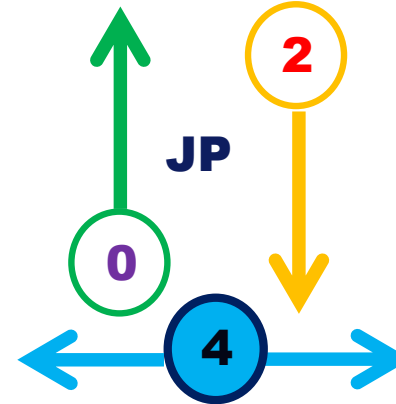
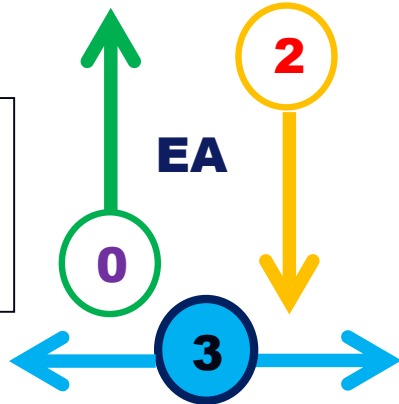
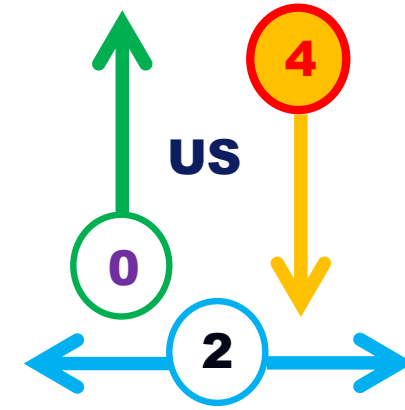
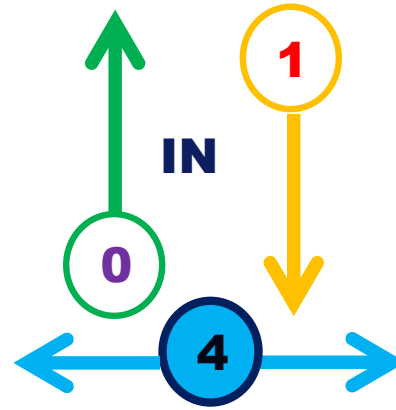
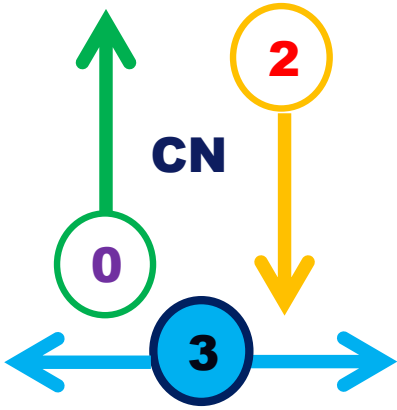
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Source: SKBI Big5 Survey (Aug 2019)

Real GDP Growth Risks (2021)



CN=China
EA=Euro Area
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Notes:

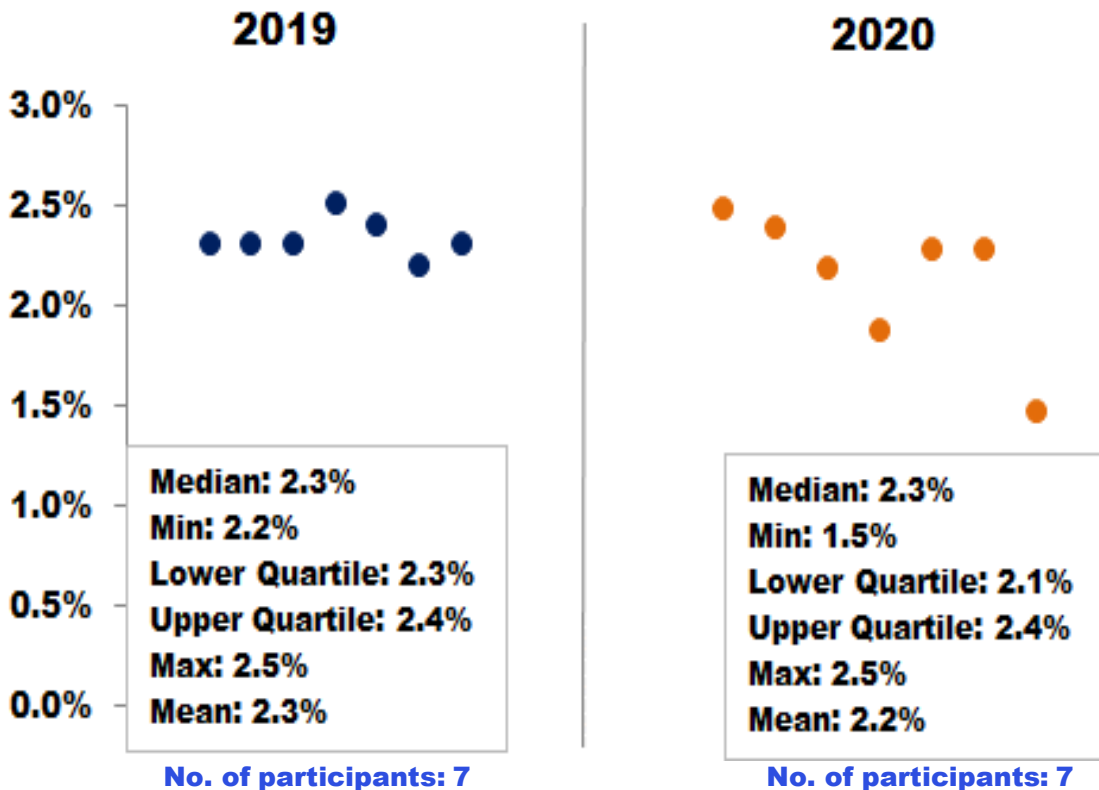
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Source: SKBI Big5 Survey (Aug 2019)

CPI

Inflation

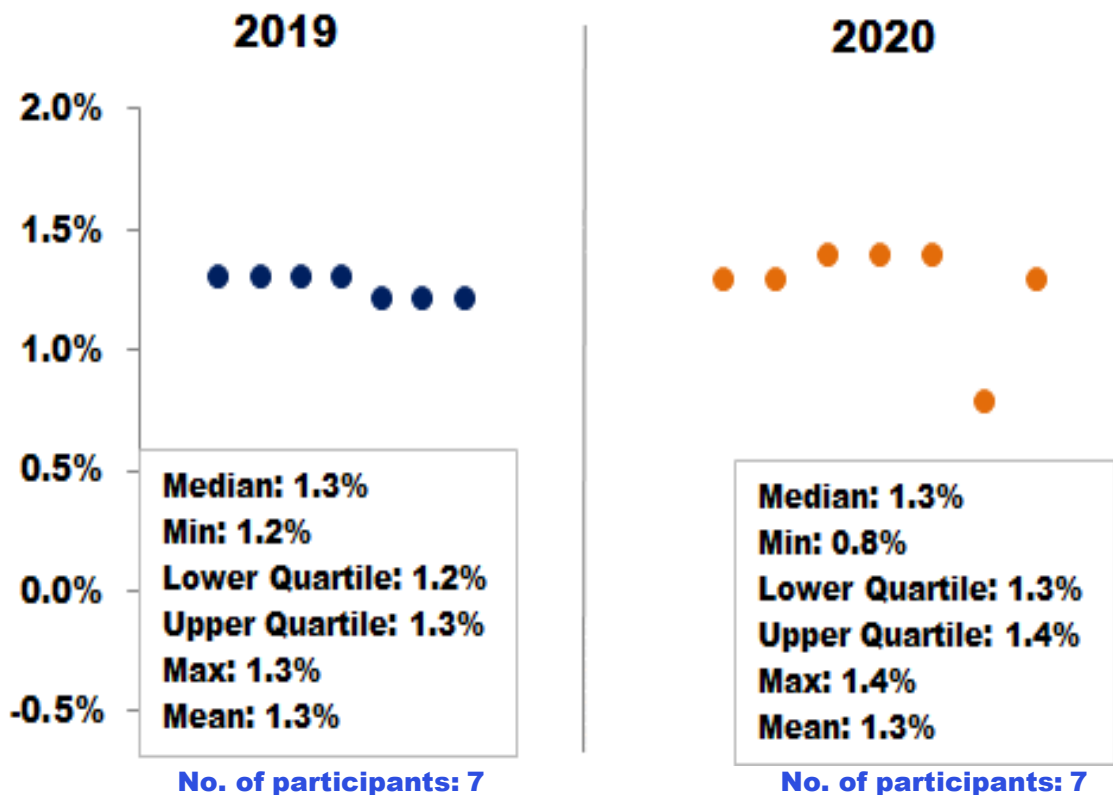
China-CPI Inflation



Note: Each dot represents a random participant in the survey

Source: SKBI Big5 Survey (Aug 2019)

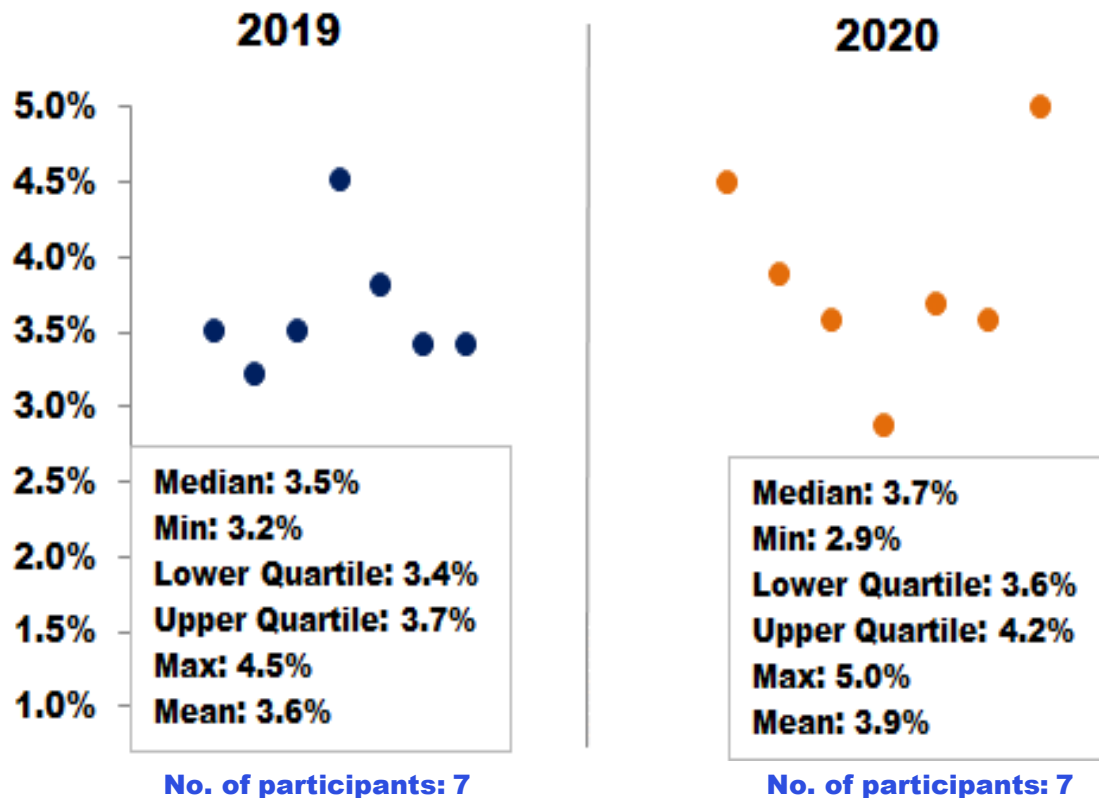
Euro Area-CPI Inflation



Note: Each dot represents a random participant in the survey

Source: SKBI Big5 Survey (Aug 2019)

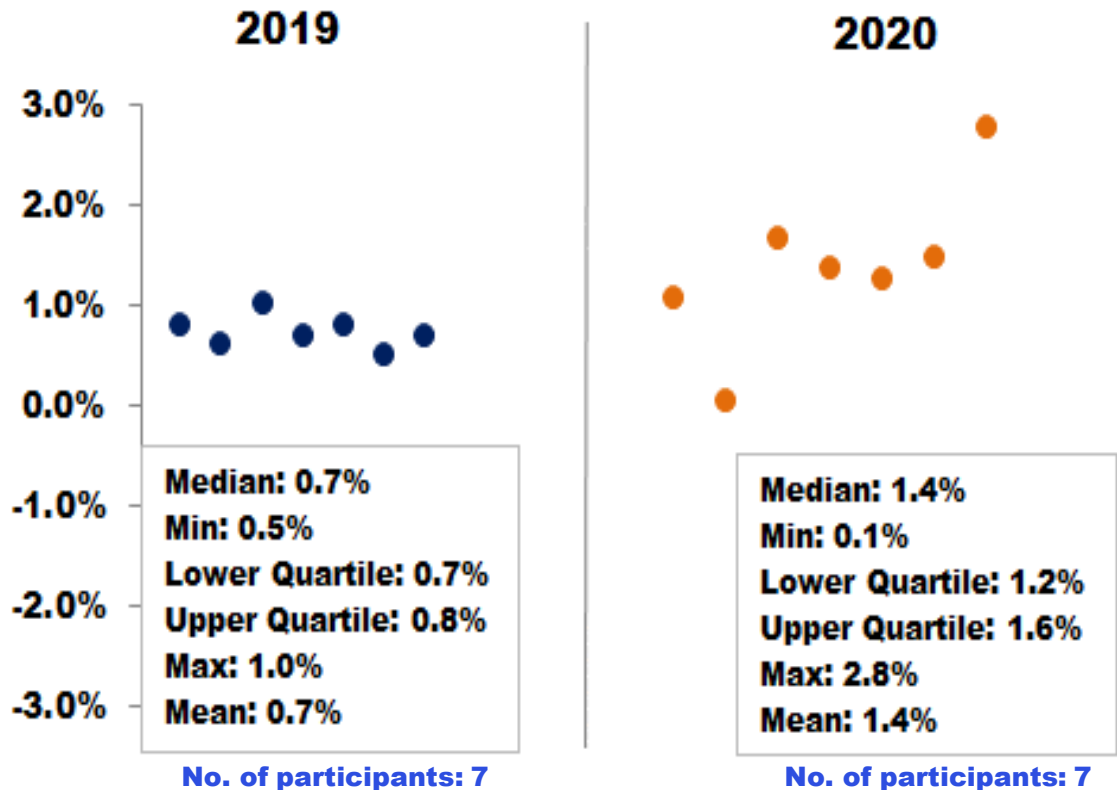
India-CPI Inflation



Note: Each dot represents a random participant in the survey

Source: SKBI Big5 Survey (Aug 2019)

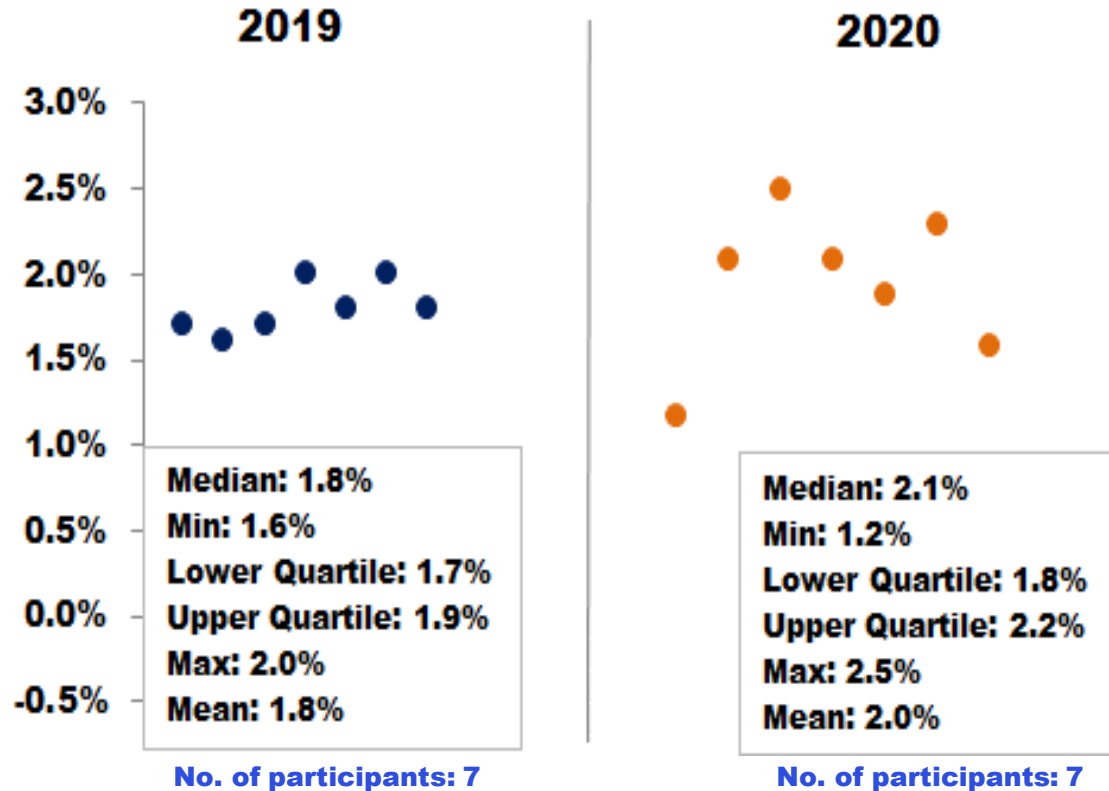
Japan-CPI Inflation



Note: Each dot represents a random participant in the survey

Source: SKBI Big5 Survey (Aug 2019)

US-CPI Inflation

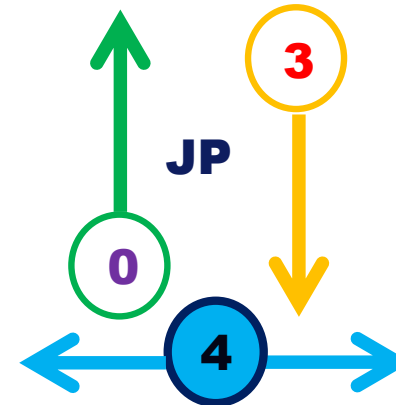
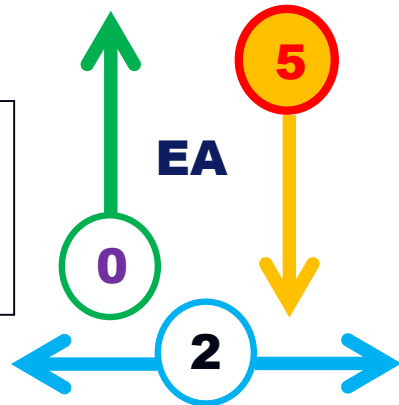
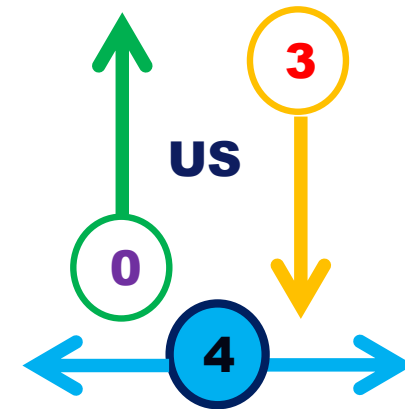
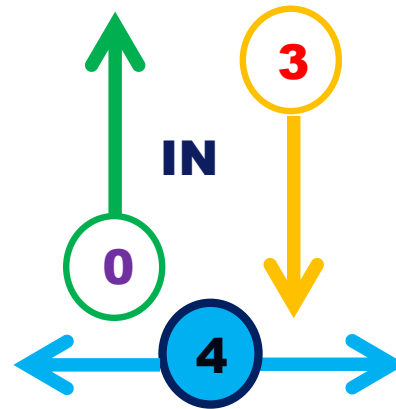
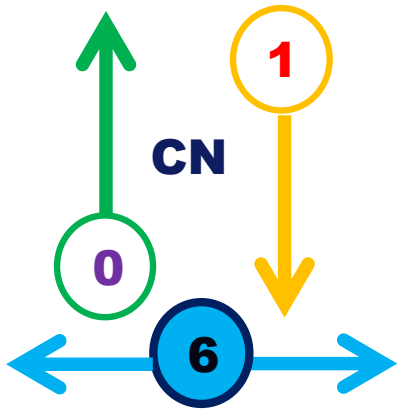


Note: Each dot represents a random participant in the survey

Source: SKBI Big5 Survey (Aug 2019)

Inflation Risk Assessment

Inflation Risks (2019)



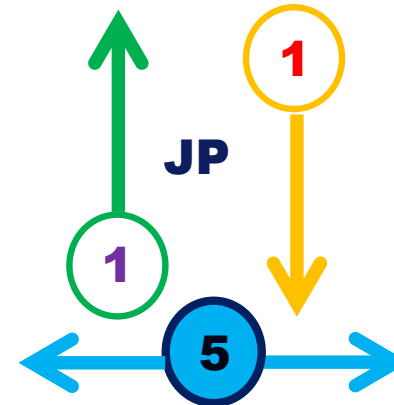
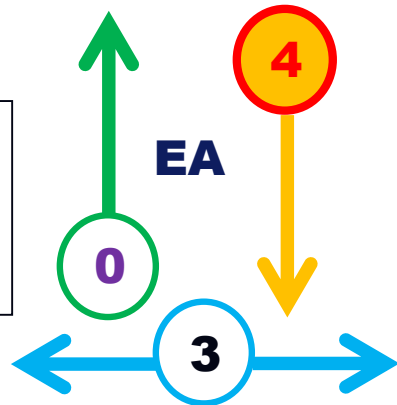
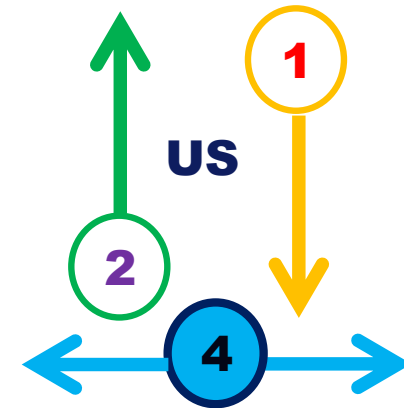
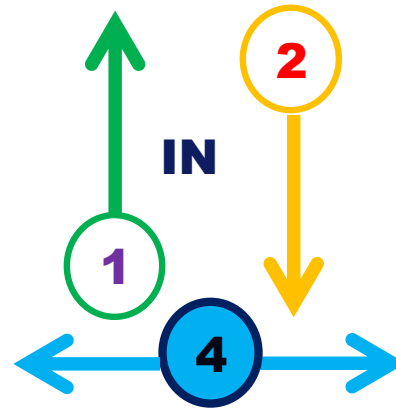
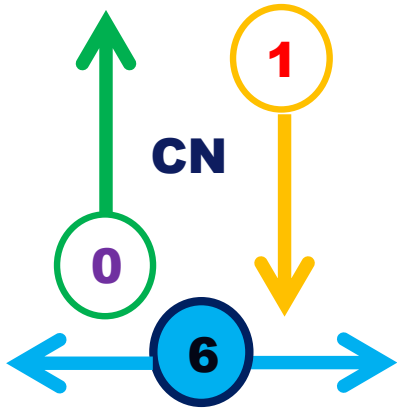
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Inflation Risks (2020)



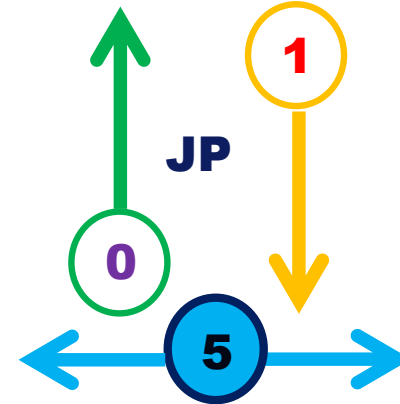
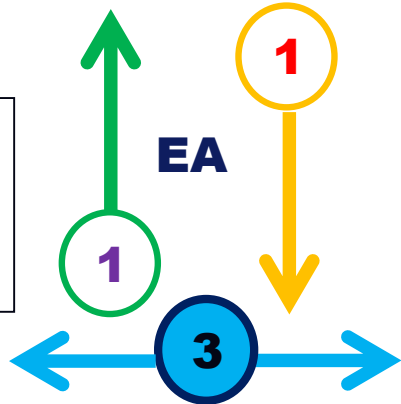
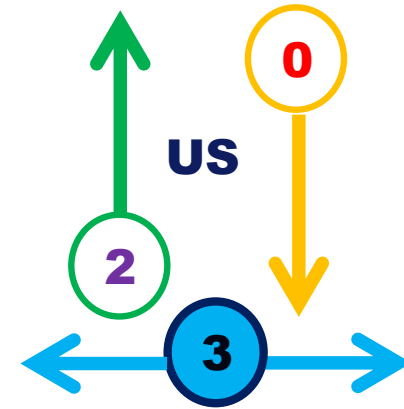
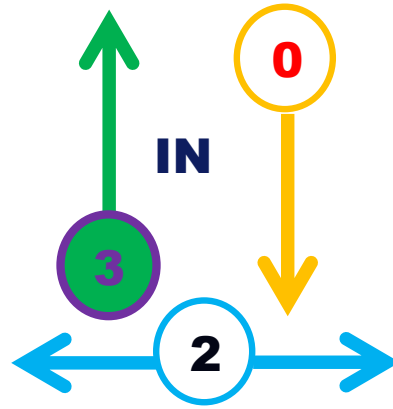
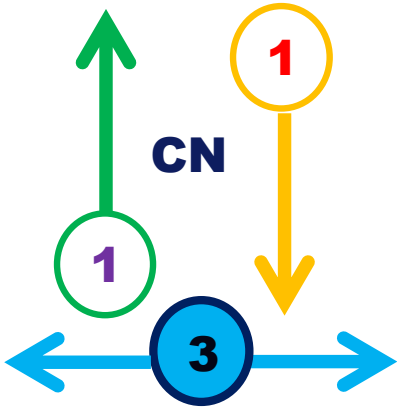
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Inflation Risks (2021)



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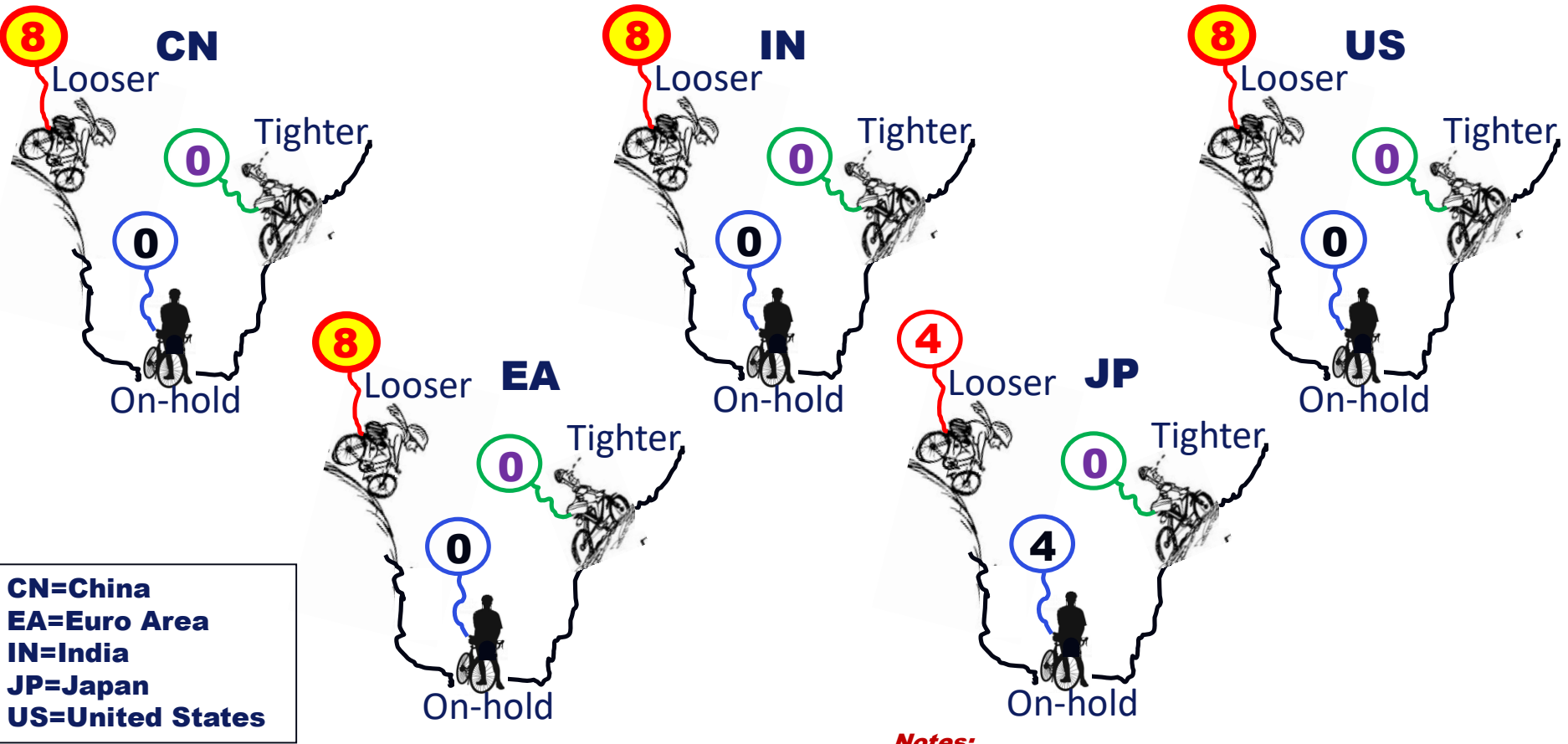
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Source: SKBI Big5 Survey (Aug 2019)

Monetary Policy

Monetary Policy 2019

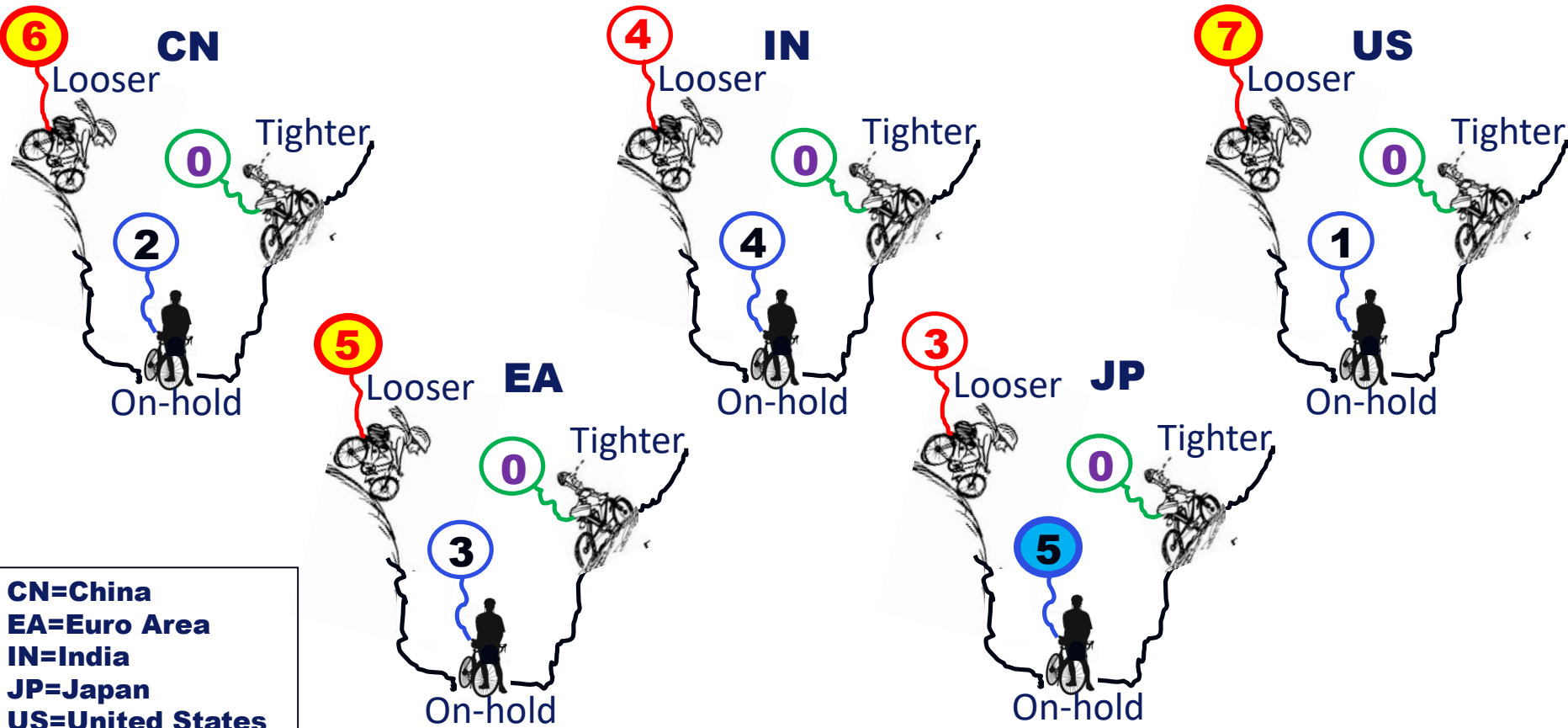


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Monetary Policy 2020

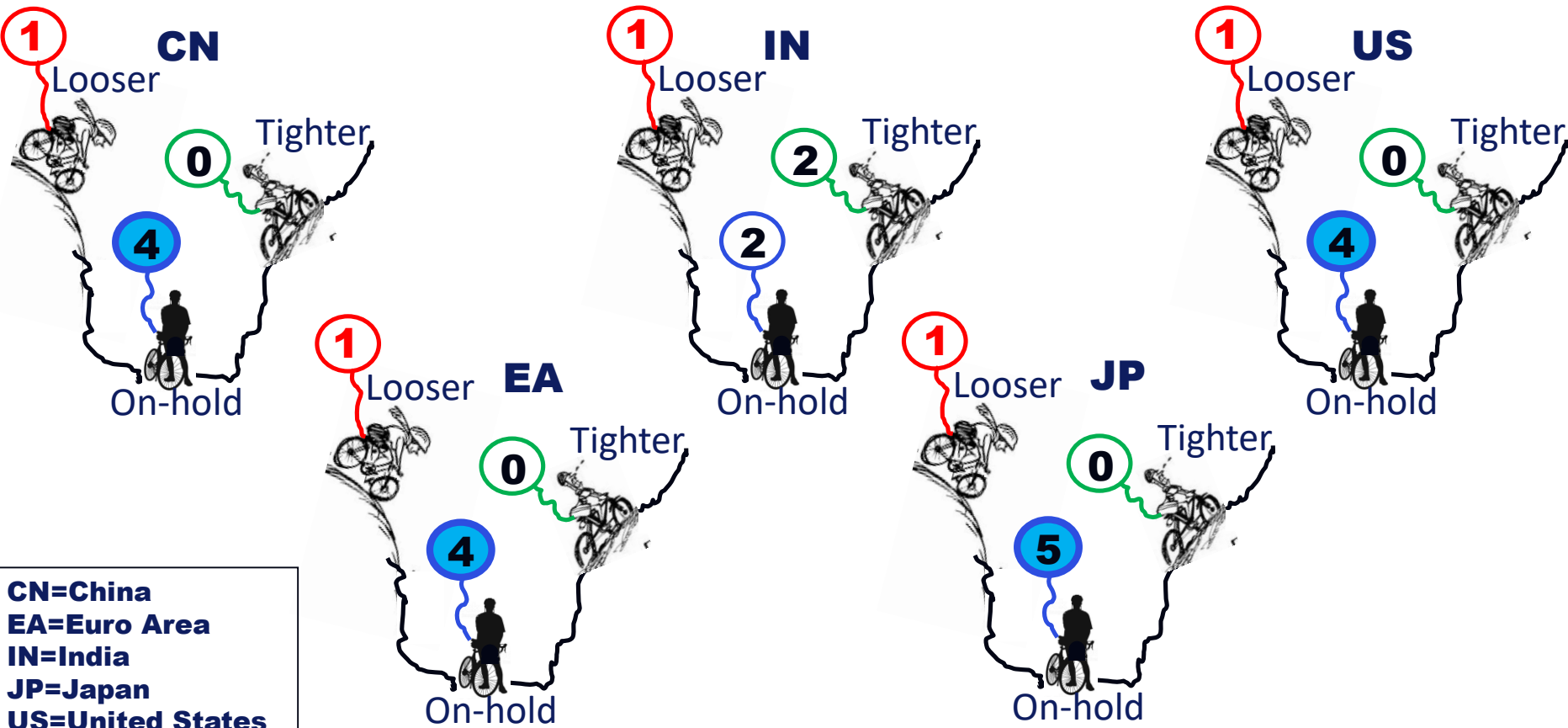


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Source: SKBI Big5 Survey (Aug 2019)

Monetary Policy 2021



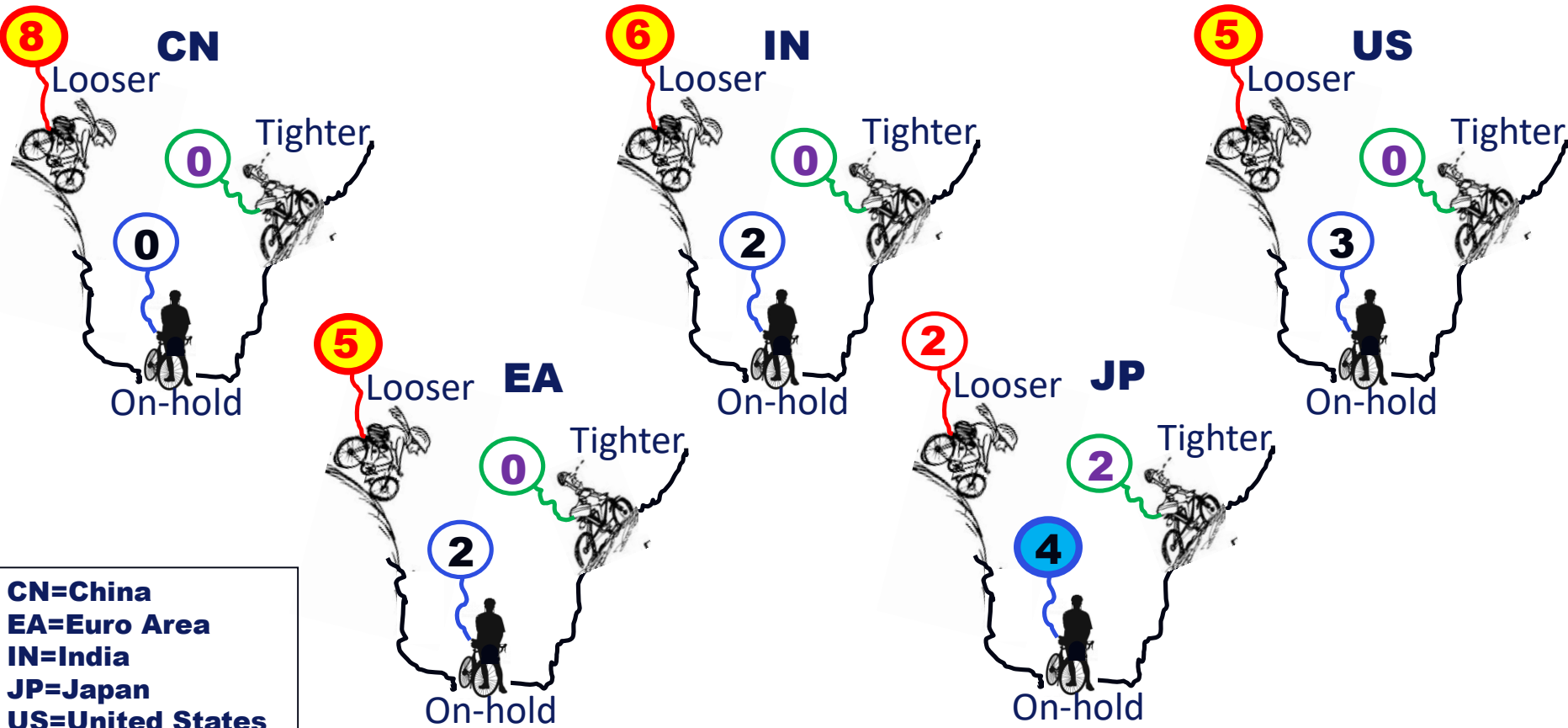
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Notes:
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Source: SKBI Big5 Survey (Aug 2019)

Fiscal Policy

Fiscal Policy 2019

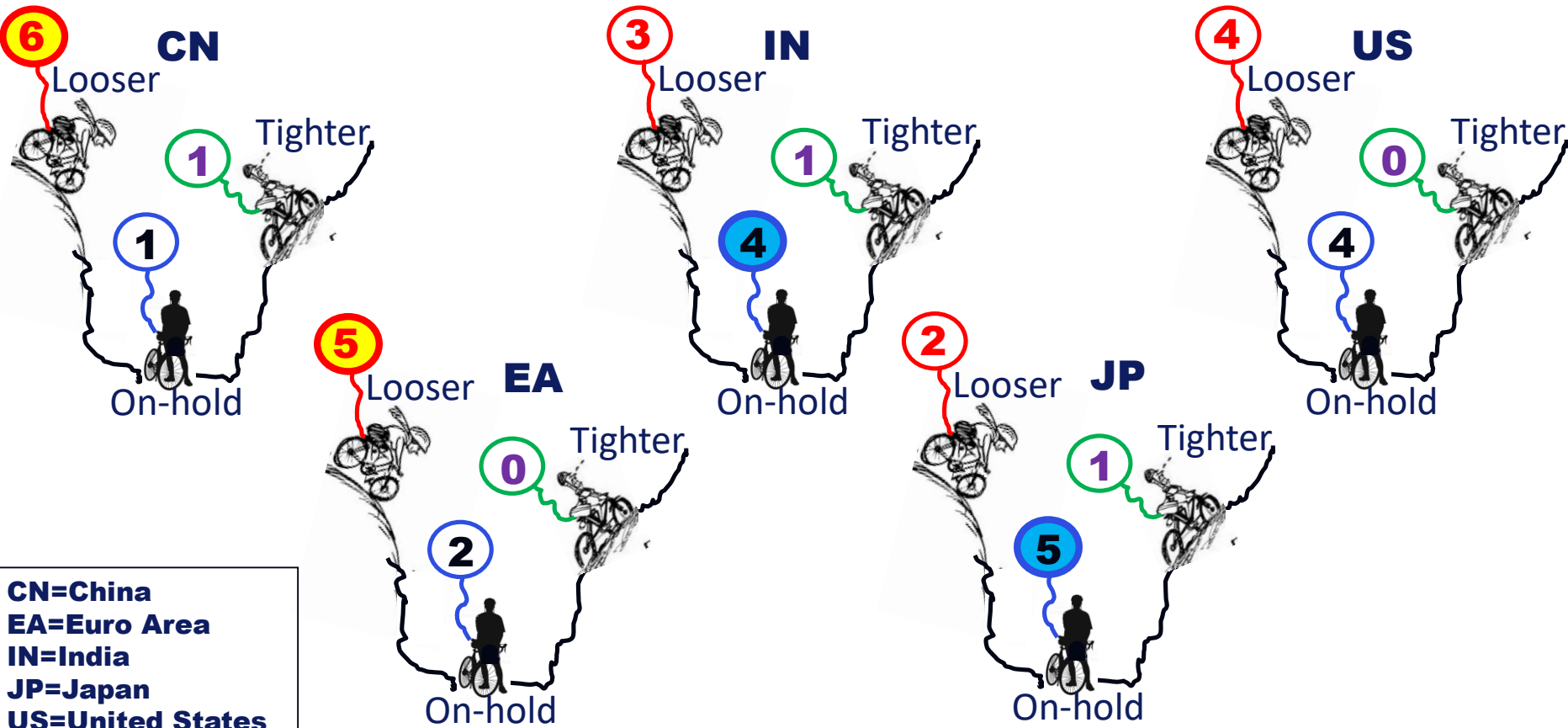


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Source: SKBI Big5 Survey (Aug 2019)

Fiscal Policy 2020

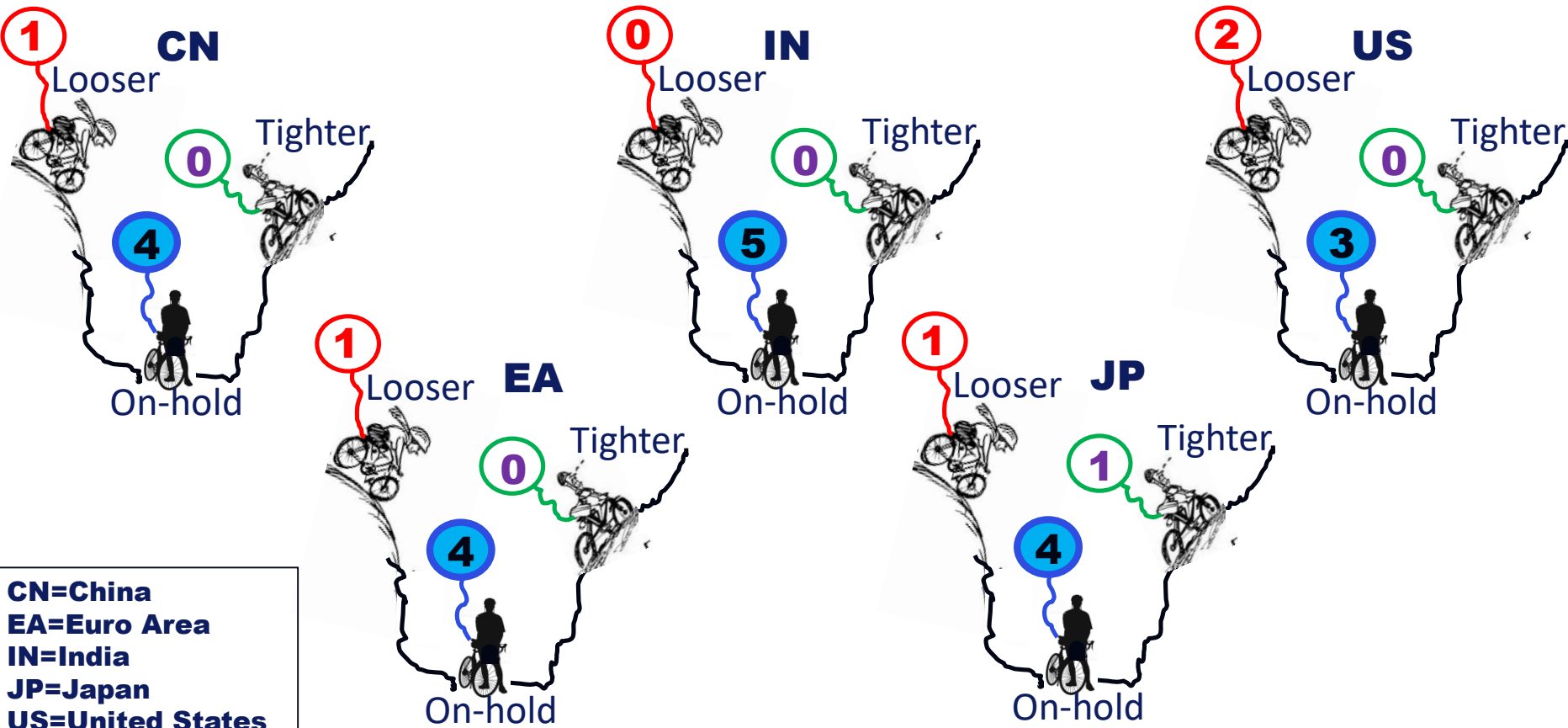


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Notes:
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Source: SKBI Big5 Survey (Aug 2019)

Fiscal Policy 2021



CN=China
EA=Euro Area
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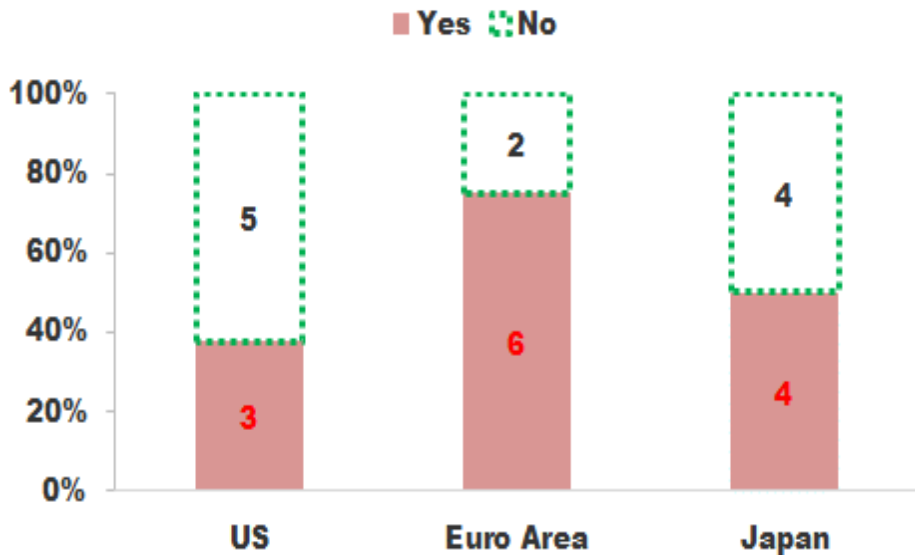
Notes:
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Source: SKBI Big5 Survey (Aug 2019)

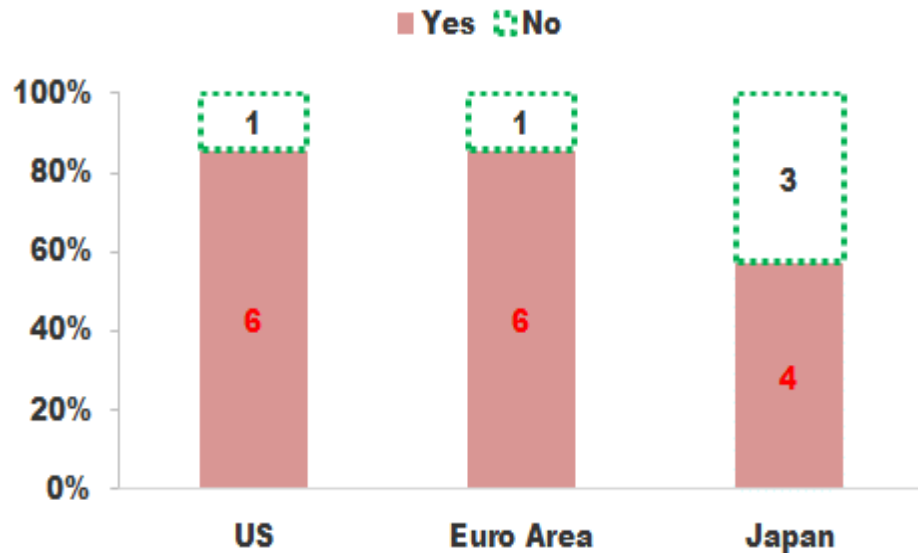
Business Cycle Dynamics

Downturn in US, Euro Area & Japan?

Recession by 2021?



Recession by 2022?

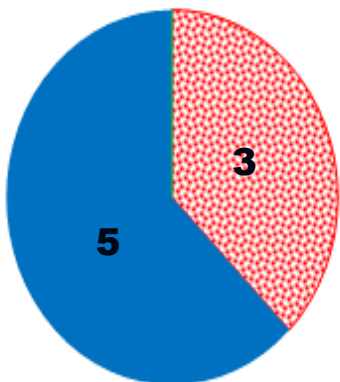


Note: The figures in the respective bar charts denote the number of participants

Source: SKBI Big5 Survey (Aug 2019)

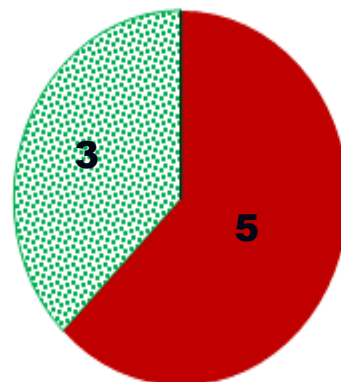
Business Cycle: China & India

A "Sharp Slowdown" in China implies Real GDP Growth* Decelerating by...



■ Less than 1%-pt
 ■ Roughly 1%-pt
 ■ More than 1%-pt

A "Sharp Slowdown" in India implies Real GDP Growth* Decelerating by...



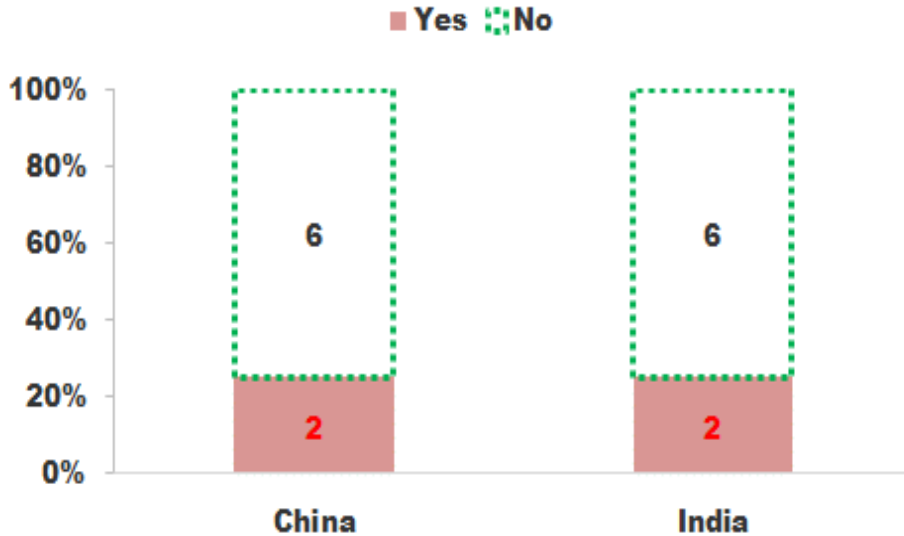
■ Less than 2%-pt
 ■ Roughly 2%-pt
 ■ More than 2%-pt

Source: SKBI Big5 Survey (Aug 2019)
***4Q-to-4Q basis**

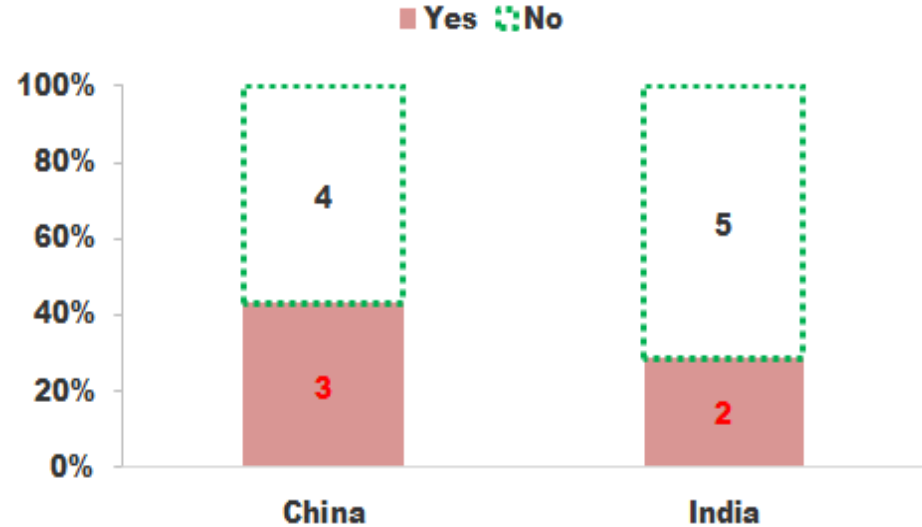
Note: The figures in the respective pie charts denote the number of participants

“Sharp Slowdown” in China & India?

“Sharp Slowdown” by 2021?



“Sharp Slowdown” by 2022?



Note: The figures in the respective bar charts denote the number of participants

Source: SKBI Big5 Survey (Aug 2019)